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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,  
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

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## MOST COOPERATIVES ARE INCORPORATED

Eighty-three per cent of the farmers' cooperative associations in the United States are incorporated. Sixty-nine per cent of the active associations are organized with capital stock; 86 per cent of the associations handle the products of non-members as well as members; and 16 per cent have their membership bound to them by marketing contracts. These are conclusions reached by the tabulation of reports made by ten thousand associations to the Division of Cooperative Marketing of the U. S. Department of Agriculture.

The percentage of associations incorporated, having capital stock, serving non-members, etc., varies widely in the different parts of the country. According to the reports received, 94 per cent of the associations in the three Pacific Coast States are incorporated, and but 72 per cent of the associations in the South Atlantic States, stretching from Delaware to Florida, are so organized. In the East North Central States 82 per cent of the associations are incorporated; and in the West North Central, 84 per cent. Ninety-six per cent of the California associations report being incorporated, as do 95 per cent of the Oregon associations, 93 per cent of those in New York, 84 per cent in Iowa, 81 per cent in Minnesota, and but 73 per cent of the Missouri associations.

The percentage of the associations which report being organized with capital stock in the several geographic divisions, are as follows: New England States, 84 per cent; West North Central, 76 per cent; Mountain, 71; East North Central, 69; Pacific, 63; West South Central, 59; South Atlantic, 40; Middle Atlantic, 35, East South Central, 34.

In the West North Central States, 92 per cent of the farmers' associations handle business for non-members, while in the East South Central States but 64 per cent of the associations serve others than their members. The percentages which serve non-members for a few of the leading cooperative states are: North Dakota, 97 per cent; Kansas, 96; Nebraska, 96; Ohio, 95; Minnesota, 94; Missouri, 93; Washington, 77; Pennsylvania, 75; New York, 58; and California, 41.

Marketing contracts seem to be most popular with associations in the Pacific Coast States. In California, 74 per cent of the associations employ contracts; in Washington, 53 per cent; and in Oregon, 37 per cent. In New York 55 per cent of the associations use contracts. In the North Central States, where the largest number of cooperatives are found, fewer than 10 per cent of the associations

### NEW POLICY FOR FRUIT AND VEGETABLE GROWERS

Announcement is made by the Federated Fruit and Vegetable Growers, Inc., New York City, of the division of its territory into four districts, each in charge of a sales manager who will report direct to the executive office in New York. The office of general sales manager is discontinued.

The Central Sales Division will have headquarters in Chicago, the Lake Region Division headquarters will be in Rochester. The other two divisions will be the New England and the Atlantic Seaboard.

All matters pertaining to policies of operation of the branches and field offices will be handled direct by the general manager. All matters pertaining to the territory of the divisional offices will be referred direct to the divisional sales managers.

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### NEW BRUNSWICK ASSOCIATION PLANNING EXPANSION

A material increase in membership in the last fiscal year is reported by the New Brunswick Seed Potato Growers' Association, Fredericton, N. B., according to a recent consular report. Business for the year amounted to \$14,422, compared with \$8,286 the preceding year. The association was organized to market cooperatively the seed potatoes produced by its members. Of the 18,074 bushels of seed potatoes shipped through the Fredericton office last year, 8,794 bushels were sold at an average price of \$2 per bushel, f. o. b. Fredericton, while the remaining 10,000 bushels were sold at a higher average price. The potatoes went chiefly to Maine, Massachusetts and New York points.

The association is planning to enlarge its activities during the current year and handle table stock as well as certified seed potatoes.

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### WASHINGTON APPLE EXCHANGE INCREASES MEMBERSHIP

About 125 apple growers make up the membership of the Yakima Fruit Exchange, Yakima, Wash., which has just closed its books at the end of its second successful shipping season. The first year the exchange shipped 175 cars, and the past year 250 cars, which brought a total of \$230,000. Expenses were \$10,900, approximately 4 per cent. This was a slightly higher per cent than in 1924-25, due to lower prices received for apples and consequent lower gross receipts. However, the per-box cost of marketing was reduced from 6-1/4 cents to 5-2/3 cents, and the management hopes this year through increased tonnage to lower the cost to 5 cents per box or less.

One new district has been added to the exchange this year and many growers from the old districts and it is estimated that 350 cars will be handled. The brands of fruit distributed by the exchange are the "Circle T," "Highland Kids," and "Selah."

## ANNUAL REPORT OF CALIFORNIA BEAN ASSOCIATION

Sales for the California Lima Bean Growers' Association, Oxnard, were \$4,630,713 for the last year, according to a report prepared under date of July 7, 1926. Of the total amount, \$3,542,290 came from the sale of 33,575,956 pounds of regular lima beans and \$1,088,423 from the sale of 10,355,398 pounds of baby limas. Approximately 76 per cent of the beans handled were regular limas and the receipts from the sale of these beans were about 76 per cent of the total receipts.

The association's expenses of marketing were \$164,687, or less than 4 per cent of the f. o. b. sales value. The growers' local associations, therefore, received over 96 per cent of the total receipts. The larger items making up the total of expenses were: brokerage, \$38,411; district and exchange, \$36,558; storage, \$29,845; general administration and selling, \$23,732. Some of the other expense items were: insurance, \$7,753; inspection, \$7,446; taxes, \$4,987; telephone and telegraph, \$4,560.

The net returns to the various local units of the California Lima Bean Growers' Association for the 1925-26 season were \$3,417,025 for regular limas and \$1,049,001 for baby limas. These figures represent a return of \$10.17 and \$10.13 per hundred pounds.

The growth of the association since 1918 is indicated by the figures in the following table:

Season	Beans handled		Total sales	Sales per cwt.	
	Pounds	Relative	Amount	Limas	Baby limas
1918-19	49,485,435	100	\$4,771,370	\$9.69	\$9.08
1919-20	51,870,570	105	5,439,550	10.47	10.55
1920-21	48,440,044	98	2,635,562	5.85	4.59
1921-22	32,676,123	66	2,061,938	6.52	5.66
1922-23	50,512,501	103	3,775,532	7.42	7.76
1923-24	40,785,164	82	3,373,913	8.28	8.22
1924-25	31,936,952	64	3,961,588	13.05	11.33
1925-26	43,931,354	89	4,630,713	10.55	10.51

The general manager in his annual report to the membership stated that all beans of the 1925-26 crop had been sold and shipped prior to July 1, furthermore, that shipments had been made to a larger number of markets than had usually been the case.

During the past year the amount of bean acreage under contract to the association was increased by 23,000 acres because of new members joining the 18 local units. The association was formed in 1916.

(For further information see Agricultural Cooperation for August 3, 1925, page 319, and for October 12, 1925, page 420.)



### MICHIGAN ELEVATOR EXCHANGE HANDLES GRAIN AND BEANS

Seven elevators joined the Michigan Elevator Exchange, Lansing, during its last business year, ending June 30, 1926. The organization now has seventy member units. It is announced in the annual report of the management that during the coming year attention is to be given to the organization of local elevators at points where such grain marketing facilities are needed. Furthermore, field work which has not been stressed during the past two years is to be expanded.

The tenets of the Exchange are "Faith, Hope and Charity. - Faith that coopertion will do more than competition ever did, hope that financial matters will always be satisfactorily adjusted, and charity for the management."

During the 1925-26 year, ending June 30, 5,100 car loads of grain, beans and other products were handled. Total sales were over \$8,000,000 and net profits were over \$50,000. These profits were divided by the board of directors as follows: terminal bean elevator, \$25,000; refund to shippers, \$6,000; 7 per cent dividend on capital stock, \$2,900; undivided refund, \$16,000.

At the close of the year capital stock liabilities were reported as \$50,000; reserve fund, \$6,184; and undivided earnings, \$28,076.

The Elevator Exchange was started in 1920 as a branch of the Michigan State Farm Bureau. Its first business year it sold 1,571 cars of farm products for \$1,994,955. The second year sales amounted to \$4,250,000 and the fourth year to \$4,800,000. In 1922 it was incorporated as a separate enterprise and in 1924 it was reincorporated on a capital stock basis. Early in the operation of the exchange it was apparent that there was need for special facilities for conditioning and handling beans. At first a conditioning plant was leased but in 1924 a subsidiary company, the Michelex Elevator and Warehouse Company, was formed to own and operate a terminal bean elevator at Port Huron. The elevator company took possession of the Port Huron plant on August 15, 1924, and between that date and June 30, 1925, handled 830 cars of beans. During the greater part of the 1925-26 bean handling season the conditioning plant was operated 24 hours a day for seven days a week. As a result large quantities of beans which had been injured by the wet harvesting season were dried, hand picked, graded and marketed under one of the three brand names used for the guaranteed stock offered to the trade by the company.

It is announced by the management that plans are being developed "whereby the farmers of Michigan can have a farmer-controlled bean pool, all beans in the pool being sold through the Michigan Elevator Exchange."

(See Agricultural Cooperation, August 11, 1924, p. 263; August 25, 1924, p. 282; August 17, 1925, p. 336; March 1, 1926, p. 104.)

### NORTH DAKOTA WHEAT POOL ACQUIRES TWELVE ELEVATORS

Twelve local elevators have been acquired by the Wheat Growers' Warehouse Company, a subsidiary of the North Dakota Wheat Growers' Association, Grand Forks, to be operated under pool control the coming marketing season. These elevators are in the northern part of the state where the crop is in good condition this year.

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### CANADIAN WHEAT POOL DISTRIBUTES THIRTY-SEVEN MILLIONS

A second interim payment of 20 cents a bushel on wheat was sent out on July 26 to growers who participated in the Canadian wheat pool. The distribution amounted to approximately \$37,000,000. Returns were forwarded by the central selling agency to the provincial pools for distribution. As the first advance on 1925 wheat was \$1 per bushel, basis No. 1, Northern, at Fort William, and an interim payment of 20 cents was made in March, this payment brings the distribution to date to \$1.40 per bushel, with a final payment still to be made.

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### MARKETING COSTS OF MINNESOTA WHEAT POOL

The cost of marketing its members' wheat for the 1925-26 season is reported as 15.57 cents a bushel by the Minnesota Wheat Growers' Co-operative Marketing Association, Minneapolis. The total cost is made up of the following items:

<u>Expense</u>	<u>Cents</u>	
Executive .....	1.62	
Office .....	2.36	
Legal .....	.46	
Field .....	1.69	
Total operating .....		6.13
Financing .....	1.14	
Marketing .....	7.36	
Farm storage .....	.94	
Total .....		15.57

It is stated that while farm storage is handled as an expense it represents payments made to member-growers who stored their own grain after November 1. A total of 1,350,000 bushels of grain was handled in the 1925-26 pool.

The cost figures for the 1924-25 pool, which included 1,713,316 bushels, averaged 14.26 cents a bushel.

(See Agricultural Cooperation, October 12, 1925, p. 422.)

# TWENTY-ONE YEARS OF COOPERATIVE GRAIN MARKETING

After 21 years of continuous service the secretary of the Farmers' Grain Company, Pleasanton, Neb., recently relinquished his post because "changing conditions made necessary a change in business methods."

The original organization was formed in 1905. At first it operated at three stations, handling grain and shipping livestock. In the sixth year another station was added and the selling of coal undertaken. In the year ending with April 30, 1915, nearly 900,000 bushels of grain were handled. At this time seven stations were operated and the sphere of influence extended over three counties. Since 1915 the quantity of grain to be handled through the local elevators in this section has declined, farming methods have changed and less grain is sold direct and more grain is marketed "on the hoof or as poultry and dairy products."

In bringing his work to a close the secretary prepared a detailed report from which the following has been compiled:

Year/a	Stations served	Grain handled		Coal and lumber handled
		(Bushels)	(Relative)	(Dollars)
1906	/b 2	233,419	100	-----
1907	/b 2	300,679	129	-----
1908	/b 2	183,841	79	-----
1909	/b 2	281,519	121	-----
1910	/b 3	190,216	81	-----
1911	/b 5	441,298	189	/c \$ 2,606
1912	6	566,821	243	/c 16,215
1913	6	764,771	328	/c 18,016
1914	6	792,498	340	/c 21,970
1915	7	895,077	383	/c 23,508
1916	7	632,300	271	70,854
1917	7	780,448	334	67,866
1918	4	370,542	159	76,906
1919	4	300,587	129	67,106
1920	4	428,497	186	85,358
1921	4	333,807	143	54,072
1922	4	444,014	190	39,319
1923	4	208,613	89	41,575
1924	3	226,816	97	45,023
1925	3	166,757	71	/c 12,517
1926	3	103,601	44	/c 13,847

/a Year ending April 30. /b Small shipments from additional points. /c Coal only.

Profits amounting to approximately \$75,000 were earned during the 21 years. The last two years there were no earnings and last year each of the three stations being operated showed a loss. Independent local associations will replace the original cooperative.



### CANADIAN WHEAT POOLS PROVIDE FOR MEMBERSHIP CONTACTS

One of the outstanding features of the Canadian Wheat Pool movement is the definite provision for membership control and participation in pool activities. To this end unincorporated local units have been provided by each of the three provincial pools. By means of local meetings, committee activities, field service work and educational publicity, the service rendered by the pool is made known to producers. By means of these agencies also, the management is acquainted with the prevailing sentiment among members. The manner of achieving these results is described in literature circulated by these agencies, details of which are summarized in the following account:

There are three provincial wheat pools in Western Canada, each of which is incorporated under the name "Cooperative Wheat Producers, Limited," prefixed by the name of the province, Manitoba, Saskatchewan or Alberta, in which it operates.

For the purpose of securing unity of action and the advantages of combined selling, these provincial pools have organized a central association known as the Canadian Cooperative Wheat Producers, Limited. These three provincial pools and the central selling agency make up what is known popularly as the Canadian Wheat Pool.

The general organization set-up of the three provincial wheat pools is similar, but they differ in detail. In Alberta the province is divided into seven districts and each of these into ten sub-districts. Within these sub-districts members have voluntarily organized 226 local associations. The local associations help to keep members in touch with the head office and provide a medium for the expression of opinion by members. The pool is controlled by a board of seven directors, one from each district. The manner of selecting directors is as follows: In May of each year a ballot is sent to each member. Accompanying the ballot is a list of members in his sub-district. A member may vote for one representative, or delegate as he is called, from his sub-district. Ballots are counted by the board of directors. The 70 delegates elected constitute the members' representation at the annual meeting of the association. At this general meeting separate sub-district meetings are also held, at each of which one of the ten delegates or a member from each sub-district is elected to the board of directors for the ensuing year. A new board is elected annually. A director may resign or be recalled in which event a new director is elected by his district delegates. The same provision applies to delegates except that a new delegate must be elected by the members of his sub-district.

In addition to the educational work performed by the Wheat Pool local, the meetings of the local units of the United Farmers of Alberta are devoted partly to discussion of pool activities. The official publication of the latter body known as "the U. F. A." is also used by the pool to carry its news to members. News concerning the pool is also supplied to the daily press and farm journals.

The skeleton organization of the Manitoba Wheat Pool resembles that of the Alberta Pool but inside the framework the set-up is different. The province is divided into seven districts, as in Alberta. The districts contain approximately equal membership. In each district unincorporated local units are organized on the basis of one to each rural municipality. (Municipalities in Western Canada correspond to counties in Eastern Canada and the United States.) There are 90 of these local units. Locals elect delegates to the annual meetings on the basis of one representative for any number of members up to 75 and an additional delegate for each 50 members, with a maximum of 6 delegates from any one local. At the last annual meeting there were 250 delegates for 12,430 members. A board of seven directors, one from each district, is elected annually.

Because of the fact that the area covered by local associations is large, provision is made for the election, by local associations, of a committee at each shipping station to issue seed and feed grain permits to members desiring to sell grain to neighbors for such purposes, and in general provide a means of contact between members and their association. There are 448 shipping committees.

The Manitoba Wheat Pool maintains a force of six field-service men for educational and contact work, and also publishes a journal known as "The Scoop Shovel." A charge of 1/20 of one cent per bushel of grain handled is made for educational purposes.

The Saskatchewan Wheat Pool is the largest of the provincial pools. Its structural organization and provision for membership control differs from each of the pools already described but has features common to each. The province is divided into 16 districts on the basis of acreage under contract, modified slightly to give approximately the same number of members in each. Each district is again divided into 10 sub-districts on the same basis. Within the sub-district are local units called committees, each consisting of five contract signers and representing an area of five townships. These committees perform many of the functions of local associations.

In the election of delegates and directors, and on other occasions when voting is required, the one-man-one-vote principal applies. Contract signers in each sub-district elect a delegate from their number, making 160 delegates in the 16 districts. Nominations for a sub-district delegate may be made by any six contract signers and are made either at the regular meetings called by the local committees or by direct nomination endorsed by six contract signers. Voting is done by mail ballot, using the single transferable ballot. Ballots are counted by a disinterested party appointed by the board of directors. A director for each sub-district is elected from among the ten delegates. The 16 directors thus elected manage the affairs of the pool for one year.

The Saskatchewan Pool maintains a field-service man in each district who devotes his time to educational and membership contact work. The official publication of this pool is the "Western Producer," an independent weekly newspaper. The daily and weekly press together with farm journals are also used extensively in educational and publicity work.

### CANADIAN WHEAT POOL ISSUES 1925 YEAR BOOK

An attractive Year Book has been issued by the Canadian Cooperative Wheat Producers' Ltd., Winnipeg, Manitoba. A chronological table shows the most important events of the entire movement, the "Story of the Wheat Pools" is given, followed by a historical sketch of each of the three provincial pools and of the central selling agency. The various contracts and agreements used by the different companies are appended, as are also the financial statements of each of the three pools at the close of their business years ending July or August of 1925.

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### SASKATCHEWAN WHEAT POOL MEMBERSHIP INCREASES

Eighteen thousand wheat producers joined the Saskatchewan Cooperative Wheat Producers, Ltd., Regina, during the past year. At the close of July the total membership was 73,661 with 9,749,850 acres under contract.

The 1925-26 year was the first of local elevator operation by the wheat pool and the 90 grain elevators belonging to the association handled an average of 174,000 bushels of grain for the year. Thirty-two elevators have been added to the system this year and on August 1 the 451 elevators belonging to the Saskatchewan Cooperative Elevator Company, Ltd., were taken over by the elevator subsidiary of the wheat pool, giving it 573 local elevators to be operated under a single management. These local elevators are located at 550 grain shipping stations. In addition to the local elevators the wheat pool controls terminal elevators with storage facilities for 18,000,000 bushels.

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### ALBERTA COMPANIES CONTINUE ON OLD PROGRAM

According to a joint statement issued by representatives of the United Grain Growers, Ltd., and the Alberta Wheat Pool, the negotiations which had been carried on between the two companies have broken down on the one question of who should be manager of the proposed operating company for the elevators of the two organizations in Alberta.

As it was found impossible to reach an agreement on this point it was decided to continue for the time being under the existing arrangements which have been in force since the pool was formed three years ago.

The Alberta Cooperative Wheat Producers, Limited., has purchased elevators at 18 points and has contracted for the erection of elevators at 12 other points. As negotiations are already under way, it is quite probable that elevators will be purchased at additional points before the movement of grain begins in a large way.



### ARKANSAS FARMERS' WEEK PROGRAM FEATURES RICE PROBLEMS

So many rice growers of Arkansas attended the sessions of Farmers' Week last summer that it was decided to give one entire session to the subject of rice this year. The Arkansas Rice Growers' Association, Stuttgart, encouraged the plan and urged as many of its members to attend the meetings as could possibly do so, thus showing their appreciation of the recognition given by the university to this important crop. One hundred growers from Arkansas County attended the sessions last year.

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### LOUISIANA RICE ASSOCIATION HANDLED LARGE CROP

A total of 142,284 barrels of rough and clean rice was handled during the past year by the Louisiana Farm Bureau Rice Growers' Cooperative Association Crowley, La., according to a report rendered by the officers of the organization. Average net proceeds were \$5.21 per barrel.

Of the 1925 crop 91,888 barrels were milled, resulting in gross proceeds of \$541,689, an average per barrel of \$5.895. Operating costs came to \$0.75759 per barrel, leaving net proceeds \$5.13. Rice sold in the rough amounted to 50,396 barrels, exclusive of seed rice, bringing a total of \$280,587, an average of \$5.567 per barrel. Selling cost was \$0.21 per barrel, leaving the average proceeds \$5.357.

Sales for the 1924-25 season totalled \$650,833, and the quantity milled was 122,263 barrels. Members received 85 per cent of gross sales.

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### LOUISIANA RIVER RICE GROWERS COMPLETE THIRD YEAR

Printed copies of the financial statements of the River Farm Bureau Rice Growers' Cooperative Association, Baton Rouge, La., were prepared at the close of the 1925-26 marketing season. These statements show that 91,888 barrels of rice were milled; that sales amounted to \$535,339, operating expenses to \$69,613 and that the members of the association received \$463,757, or about 87 per cent of the sales. The cost of milling was 75.759 cents a barrel.

During the 1924-25 season 122,263 barrels of rice were milled. Total sales amounted to \$641,723, expenses to \$92,171, and growers were paid 85 per cent of the sales.

This association was formed in the summer of 1923 under the Farm Bureau leadership. At the close of its third season it had \$20,932 of capital which had been accumulated by an annual deduction. The deductions for the three years that the association has been operating have been as follows: 1923-24 season, \$5,499; 1924-25, \$7,114; 1925-26, \$8,319. The association has 50 members.



### LOUISIANA COTTON NEARLY ALL SOLD

With the payment of \$450,000 in July, the members of the Louisiana Farm Bureau Cotton Growers' Cooperative Association, Shreveport, have received more than \$4,000,000 on their 1925 cotton. The total amount of cotton delivered was 51,198 bales, which was classed in 199 pools according to color, grade and staple. All these pools have now been closed except certain long-staple pools containing 1,934 bales which will be sold as soon as conditions warrant. Then final settlement will be made. Prices received for short-staple pools ranged from 22.95 cents to 6.74 cents, with an average of 17.99. The largest pool contained 4,190 bales, more than 2,000,000 pounds, which brought an average price of 20.25 cents per pound. Eighteen pools contained but one bale each, and a number of others contained but two, three or four bales.

A comparative statement of the charges to members for carrying and operating expenses for each of the last three years, shows a reduction in the per-bale expenses from \$7.34 for the first year to \$4.71 for last year. The figures are as follows:

Deductions	1923-24		1924-25		1925-26	
	Amount	Per bale	Amount	Per bale	Amount	Per bale
Interest	\$63,461	\$2.12	\$30,555	\$1.15	\$65,314	\$1.28
Insurance	32,095	1.07	6,704	.25	9,346	.18
Warehousing	49,318	1.65	31,313	1.18	81,727	1.60
Total carrying charges	144,874	4.84	68,572	2.58	156,387	3.06
Operating expenses	91,123	3.05	90,916	3.42	113,817	2.22
Less sundry credits	16,398	.55	11,305	.42	29,349	.57
Net operating expenses	74,725	2.50	79,611	3.00	84,468	1.65
Total deductions	\$219,599	\$7.34	\$148,183	\$5.58	\$240,855	\$4.71
Number of bales received	29,980		26,587		51,198	

The item of "sundry credits" was made up of the following: sale of loose cotton, samples, etc., \$8,548; gain in weight, \$14,140; patching income, \$2,561; collected from railroad claims, \$8,334; interest and discount, \$5,642.

It is announced that after the auditors have completed their work a detailed statement will be issued to the membership of the association.

### PRESIDENT OF CONNECTICUT TOBACCO ASSOCIATION REPORTS

A half-million-dollar payment was made in July to members of the Connecticut Valley Tobacco Association, Hartford, on their Havana seed, 1925 tobacco. This brought the cash disbursements on Havana seed to an average of 18 cents a pound, and when the dark grades are disposed of another payment will be forthcoming.

The fourth annual report of the president gives many details of the business. Since the beginning of operations the organization has sold tobacco to the value of \$27,400,000. Sales during the year ending June 30, 1926, all crops, amounted to \$8,649,145; in 1925 sales came to \$9,179,919; in 1924, \$6,170,166; and in 1923, \$3,405,781.

From a statement and summary for each of the four years the following figures have been selected:

Season	Tobacco received	Estimated sales value	Cost of handling	Returns to members
	(Pounds)			
1922-23	26,901,714	\$ 9,381,086	\$2,255,935	\$ 7,031,455
1923-24	35,311,079	12,761,613	4,136,437	/a 8,624,476
1924-25	30,733,017	8,142,233	2,810,719	/a 5,331,514
1925-26	26,428,254	7,738,636	1,602,211	/a 6,135,426

/a. Including growers' equity in unsold tobacco.

Special efforts have been made during the past year to extend the sales organization to reach all classes of manufacturers and since July 1, 1925, 257 new accounts have been opened with manufacturers and dealers, in addition to the 334 then on the books. Four regular salesmen now cover all the districts in the United States where cigars are manufactured.

Net handling expenses for the first nine months of the last fiscal year, exclusive of the warehouse and members' assorting payments, came to \$291,212, compared with \$429,465 for the first nine months of the previous year. Leaving out of account tobacco sold in the bundle for stemming and to packers, the cost per pound on the packed portion of the 1925 crop was 1.75 cents, compared with 1.65 cents the previous season for the portion of the crop handled in the same manner.

A material reduction in the indebtedness of the association was brought about during the past year. Loans on the 1923 and 1924 crops were reduced 50 per cent, and total loans on the three crops of 1923, 1924 and 1925 were reduced to \$3,477,400 on June 30, 1926.

A radical change suggested by the president is that the crops of members be handled in different ways dependent upon the financial condition and the wishes of the member. He proposes to sell green the crops of that portion of the membership who desire it, and to pack and sell after the sweating process the crops of the members who prefer to have their tobacco thus handled. This, he believes, would do away with certain difficulties and give the member more to say about the disposal of his crop.

STATUS OF TRANSFERS TO WIVES

On May 31, 1926, the Supreme Court of South Carolina decided the case of the South Carolina Cotton Growers Cooperative Association v. English, 133 S. E. 542, in favor of the association. The trial court decided the case in favor of the association, and in doing so rendered an extended opinion which the Supreme Court adopted and affirmed in all respects. The association brought suit for an injunction, for a decree for the specific performance of its contract with the defendant, for liquidated damages at the rate of 5 cents per pound for cotton disposed of by the defendant contrary to his contract, and for reasonable attorney's fees and costs of suit. The defendant claimed that there was fraud in the procurement of the contract, that it was obnoxious to the state and federal anti-trust laws, and that he had not breached his contract with the association for the reason that he had not produced any cotton during the year 1923. The court held that there was no fraud in the procurement of the contract because the statements made by the agents of the association "were in the nature of future promises and expectations and were not misstatements of any past or existing facts upon which a charge of fraud might be founded." In this connection the court quoted approvingly the following from 12 Ruling Case Law, p. 224:

As a general rule, in order to constitute actionable fraud a false representation must relate to a matter of fact, and such fact must be one which exists in the present or which existed in the past. It must also relate to a fact which is susceptible of knowledge; otherwise there is nothing in relation to which the person making it could state what he knows to be untrue.

In answer to the contention that the contract was in violation of the anti-trust laws, the court said it was "of the opinion that the contract between plaintiff and defendant is not subject to attack under the anti-trust laws, state, federal., or at common law, for the reason that the contract does not attempt to unreasonably restrict trade or fix prices, but is intended to promote the legitimate interests of those engaged in agricultural pursuits." The court further held that the association was exempt from the anti-trust laws of the State of South Carolina and from the federal anti-trust laws, and the following is quoted from the opinion with respect to this matter:

The plaintiff association was organized pursuant to statute law of South Carolina, Sec. 3427, vol. 3, of the Code of 1922, which expressly exempts such associations from the operation of the state anti-trust laws, and, under the federal statutes relating to monopolies and combinations, agricultural organizations are expressly exempt. U. S. Comp. St. Sec. 8835f.



The contention that the defendant had grown no cotton was based upon the fact that the defendant had entered into a contract with his wife under which he continued to operate the farm "as her manager on a salary of \$1,000 per year." He claimed to have turned his land over to his wife in part payment of a debt he owed her. This contract was held to be invalid, although the wife of the defendant was not a party to the case. In this connection the following is quoted from the opinion:

The referee finds as a fact that his contract was entered into for the purpose of evading, if possible, the obligations of his contract to deliver this cotton to plaintiff. In this finding I concur, and, since Mrs. English admits that she knew her husband was a member, and that she told him soon after he signed that he had made a mistake, the court is not inclined to hold her to be an innocent purchaser for value without notice. The intimate relationship existing between husband and wife causes a very close scrutiny of contracts between them, where rights of third persons are concerned, and, as between defendant and the plaintiff association, the court holds this contract to be void and ineffectual to relieve defendant, English, from his obligation to deliver his cotton to the association.

The judgment of the trial court against the defendant for \$300 for liquidated damages for 6,000 pounds of cotton produced by him during the year 1923, which he failed to deliver to the association, and for \$150 for attorney's fees and also for the costs and expenses of the suit, was affirmed by the Supreme Court, and in addition, the permanent injunction issued by the trial court enjoining the defendant from disposing of his cotton outside the association during the years 1924, 1925 and 1926, and the decree for the specific performance of his contract for these years were upheld by the Supreme Court.

In the case discussed above the Supreme Court of South Carolina affirmed the decision of the trial court holding among other things that the defendant had not in good faith ceased to engage in farming on his own account despite the fact that he had entered into a contract with his wife under which he was to operate the farm as her manager. A case involving a somewhat similar situation and in which an opposite conclusion was reached is that of *Layne v. Tobacco Growers Cooperative Association*, decided by the Supreme Court of Appeals of Virginia on May 27, 1926, 133 S. E. 358. The association successfully brought suit against the defendant, who then appealed from the decision against him. The only point for decision was whether the defendant had in his own right engaged in the growing of tobacco or whether the farming operations indulged in by the defendant were for and as the employee of his wife. The following quotations from the opinion of the appellate court which reversed the court show the basis thereof:



Appellant was not landlord or lessor. The evidence is uncontradicted that Mrs. Layne rented the land, made the contract in the absence of her husband, and paid the rent. He owned no land, and therefore, was not the lessor. It seems equally clear that he was not the grower of the tobacco, for he had no land upon which to grow it, either as owner or tenant.

The clear weight of the evidence establishes, we think, the following facts: That Mrs. Layne rented the farm; that appellant publicly announced his retirement from any ownership or control of the farming operations by publication in the county paper and otherwise; that Mrs. Layne employed and paid the labor to raise and harvest the crops; that she personally rented the land upon which the tobacco was grown, and paid the rent therefor; that she personally supervised the farming operations, and in numerous instances performed manual labor along with the other employees engaged in the farming operations; that she also employed her husband at \$20 per month to work on the said farm; that she assumed the indebtedness of her husband when he ostensibly went out of business, and turned over to her his chattel property; and that he transferred his property, and his wife took up the control and operation of the farm because the handling of his tobacco by the association had been thoroughly unsatisfactory, and his feeling that he could not support his family if compelled to deliver his crop to be handled under the conditions as set out in the marketing contract.

It seems, therefore, reasonably clear from the evidence that Mrs. Layne rented the land and controlled the cultivation of the crops and the sale of the tobacco, and that her husband had no proprietary interest therein, from which it would follow that the contract between appellant and appellee, if strictly construed, has not been violated.

Apparently the South Carolina court believed that the contract between the husband and wife was not a bona fide one, while in the Virginia case the court was of the opinion that the wife was actually engaged in farming in her own right while her husband was simply her employee.

### NEW YORK GROWERS SELL TEASELS COOPERATIVELY

A group of teasel growers at Skaneateles, N. Y. formed the Skaneateles Teasel Growers Cooperative Association in 1921. Sales for the first year amounted to \$7,000 and in 1924 the organization marketed teasels to the value of \$53,635. The association has a membership of approximately 65.

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### VERMONT MAPLE EXCHANGE TO INCREASE BUSINESS

At a meeting of the Vermont Maple Products Cooperative Exchange, Essex Junction, held June 23, it was voted to increase the capital stock to \$100,000 and to start a drive at once to raise the necessary funds. The management was complimented on having "developed so satisfactory a business on the small amount of capital supplied by the members."

In connection with the meeting of the Exchange there was also a meeting of the subsidiary organization, the Farmers' Warehouse, Inc., and the directors were authorized to issue capital stock in the Farmers' Warehouse, Inc., up to the value of the property now owned by the company, on the basis of four shares of preferred stock for one share of common. The belief was expressed by those present that with adequate capital and an adequate supply of syrup guaranteed, the exchange could be conducted safely and profitably.

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### PECAN GROWERS RECEIVE EIGHTY PER CENT OF SALES

Net sales of the National Pecan Growers' Exchange, Albany, Ga. for the year ending April 30, 1926, amounted to \$320,581, according to the financial statement. Direct expenses came to \$59,363, and after adding charges for depreciation on grading machines, furniture and fixtures, the net sum of \$61,422 was deducted in making settlement with members. The largest item of expense was the warehousing charges of the Albany District Exchange, the subsidiary association which prepares and packs the nuts for marketing. This item amounted to 41 per cent of the total. Brokerage charges came to 25 per cent, and office salaries to 13 per cent. There was expended for organization, \$2,346; and for advertising, \$1,094. Eighty per cent of net sales went to growers as returns for nuts delivered.

At a meeting in Mobile, Ala., in June, the Mobile County Pecan Growers Association adopted a resolution in favor of marketing its pecans through the National Pecan Growers' Exchange.

REPORTED BY THE ASSOCIATIONS

At a recent meeting of the central sales agency for the three Canadian wheat pools, a director of one of the pools was commissioned to go to Argentina to investigate the possibilities of organizing cooperative wheat pools in that country.

More than 6,400 signatures to the new contract of the Mississippi Farm Bureau Cotton Association, Jackson, were secured in the first seven weeks of the campaign. It is reported that this number was practically 90 per cent of all the farmers seen by the field force.

The Cooperative Pure Milk Association of Cincinnati, Ohio, recently recovered a judgment for \$15,000 against the Milk Exchange of that city, an organization composed of independent milk dealers, on account of libelous statements which it was claimed the Exchange had made with respect to the Association.

Twenty-one farmers' cooperative purchasing associations bought farm supplies to the value of \$41,100,000 during 1925. Three associations made purchases of over \$5,000,000 each, and eight associations reported purchases between one and five millions each, while ten associations purchased less than one million each. These associations were located in 19 different states.

Sales of fertilizer by the Arcostock Federation of Farmers, Calibou, Maine, for the year ending June 30, 1926, amounted to \$302,131, on which the federation made a trading profit of \$17,281. Profits on merchandise sales came to \$600 and interest to \$370, bringing the income figures for the year to \$18,260. Expenses came to \$16,478, leaving a net margin for the year of \$1,781.

Grain growers of Roosevelt County, New Mexico, last season formed a temporary marketing organization and employed the manager of the Sweet Potato Growers' Association to act as their manager also. Plans are now being made for a permanent grain growers' organization to be incorporated under the new cooperative law. A number of truck growers in Lea County are also planning an organization.

Representatives of the Alberta, Manitoba, and Saskatchewan wheat pools are now on their way to the Orient for the purpose of determining the best methods of expanding the Far Eastern markets for Canadian grain. A considerable demand has developed during the past few years and it is for the purpose of stimulating this demand that the present tour of investigation is being made. Before returning, several of the party expect to visit Australia to obtain first-hand information regarding cooperative wheat marketing in that country.



### COOPERATION -- FROM TWELVE POINTS OF VIEW

"Cooperation from Twelve Points of View" is the title of a mimeographed booklet of 35 pages compiled by the Colorado Director of Markets, Denver. These twelve articles by representative business and professional men have appeared in a number of Colorado newspapers. The viewpoints from which the subject is presented are those of the college president, the attorney, the country banker, the business man, the city banker, the public official, the economist, the farmer, the editor, the manufacturer, and the director of markets.

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### FIVE CIRCULARS EXPLAIN U. S. WAREHOUSE ACT

Cooperative associations which have financing problems to solve will find helpful information in a series of five folders dealing with the warehousing of farm products under the U. S. Warehouse Act. These folders, prepared by the Warehouse Division of the Bureau of Agricultural Economics, cover thoroughly the proper warehousing of products, issuing of warehouse receipts, and the use of such receipts as collateral in connection with loans for marketing purposes.

The titles of the folders are as follows: "Warehousing Farm Products Under the U. S. Warehouse Act," "The Banker and the United States Warehouse Act," "Once Again the United States Warehouse Act," "The Farmer and the United States Warehouse Act," and "The Warehouseman and the United States Warehouse Act." All are written in popular style and will be of interest and value to many officers and members of cooperative associations.

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### UKRAINIAN SOVIET REPUBLIC TELLS OF ITS COOPERATIVES

Three booklets describing cooperative enterprises of the Ukrainian Socialist Republic, have been received by the Division of Cooperative Marketing of the U. S. Department of Agriculture. One booklet describes the All-Ukrainian Cooperative Bank, founded in 1922 in Char-kov, and having a capital of more than 3,800,000 roubles on October 1, 1925. The second booklet tells of the All-Ukrainian Cooperative League, which serves as the purchasing organization for a large number of societies. The third deals with the All-Ukrainian Cooperative Agricultural Union which began operations in 1922 and now includes in its membership 47 cooperative credit unions, 3 cooperative unions of beet growers, 1 vineculturist union, and six home industry unions. Each of these unions represents a large number of societies with many members. Many lines of activity are described. The first two booklets are printed in Russian, German, English and French.



SELECTED LIST OF PUBLICATIONS AND ARTICLES

- Benjamin, Earl W. Can the Cooperative Influence the Market by Regulating the Supply? By Securing New Quotations? Washcoegg, Seattle, July 24, 1926. p. 3.
- Benjamin, Earl W. Should the Cooperative Agencies Selling From the Farm Flocks Use the Auction? Washcoegg, Seattle, July 31, 1926. p. 3.
- The Cooperative Creamery and Dairying. Iowa Homestead, Des Moines, July 15, 1926, p. 1.
- Cooperative Selling. Editorial. Iowa Homestead, Des Moines, July 15, 1926, p. 4.
- Downie, Earnest R. What Cooperation Means. Wheat Growers' Journal, Wichita, July 15, 1926. p. 11.
- Knight (J. J.) Explains Grain Selling Plan. Equity-Union Exchange, Greenville, Ill., July 28, 1926, p. 1.
- Shorthill, J. W. Hamilton County Pioneers in Cooperation: Farmer Business Organizations Do a Three Million Dollar Business in 1925. Nebraska Farmer, July 24, 1926, p. 2.
- Shorthill, J. W. Something for Nothing: This Universal Lure Has Led to Mistakes in Cooperative Marketing. Country Gentleman, Philadelphia, August, 1926, p. 20.

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ANNUAL REPORT ON SASKATCHEWAN COOPERATIVES

Statistical information regarding 364 cooperative associations is given in the Twelfth Annual Report of the Commissioner of Cooperation and Markets of Saskatchewan, for the year ending April 30, 1926.

Of the total number of associations listed, 260 reported for 1925. These 260 associations reported 14,187 members, with \$494,687 paid up capital stock. Supplies handled were valued at over \$3,100,000. Thirty-five associations engaged in the marketing of livestock made shipments to the value of \$737,100. During the fiscal year eight cooperative associations were dissolved and the names of 47 others were removed from the commissioner's list of active enterprises. Twenty-seven associations were formed during the year.

The commissioner's report is a pamphlet of 64 pages. In addition to the statistical material covering all the organizations, detailed information is given regarding a number of the enterprises.

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